CGI
GLASS LEWIS

October 1, 2021

Singapore Exchange Regulation
11 North Buona Vista Drive
#06-07, The Metropolis Tower 2
Singapore 138589
(Attention: Listing Policy & Product Admission)
Via email: listingrules@sgx.com

Re: Consultation Papers on Climate and Diversity: The Way Forward, and Consultation Paper on Starting with a Common Set of Core ESG Metrics

Glass Lewis appreciates the opportunity to comment on the Singapore Exchange Limited's consultation papers on Climate and Diversity: The Way Forward, and Consultation Paper on Starting with a Common Set of Core ESG Metrics (the "Consultation Papers").

Founded in 2003, Glass Lewis is a leading, independent provider of global governance services that provides proxy research and vote management services to more than 1,300 clients throughout the world. While, for the most part, institutional investor clients use Glass Lewis research to help them make proxy voting decisions, they also use Glass Lewis research when engaging with companies before and after shareholder meetings.

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From its offices in Australia, Germany, Ireland, Japan, the United Kingdom and the United States, Glass Lewis' 360+ person team provides research and voting services to institutional investors globally that collectively manage more than US$35 trillion. Glass Lewis operates as an independent company separate from its owners, Peloton Capital Management (PCM) and First National Securities Corporation (FNSC). Neither PCM nor FNSC is involved in the day-to-day management of Glass Lewis' business.

The responses provided below are not meant to be exhaustive but are designed to address what Glass Lewis sees as the main issues and concerns raised in the Consultation Papers. Thank you in advance for your consideration and please do not hesitate to contact us if you would like to discuss any aspect of our submission in more detail.

Respectfully submitted,

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Enclosures

RESPONSE TO CONSULTATION PAPER ON CLIMATE AND DIVERSITY: THE WAY FORWARD

Singapore Exchange Regulation invites comments on this Consultation Paper. Please send your responses through any of the following means:

Email	listingrules@sgx.com
Mail	Singapore Exchange Regulation 11 North Buona Vista Drive #06-07, The Metropolis Tower 2 Singapore 138589 (Attention: Listing Policy & Product Admission)

Please include your full name and, where relevant, the organisation you are representing, as well as your email address or contact number so that we may contact you for clarification. Anonymous responses may be disregarded.

SGX may make public all or part of any written submission, and may disclose your identity. You may request confidential treatment for any part of the submission which is proprietary, confidential or commercially sensitive, by clearly marking such information. You may request not to be specifically identified.

Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, you should note that notwithstanding any confidentiality request, we may share your response with the relevant regulator.

By sending a response, you are deemed to have consented to the collection, use and disclosure of personal data that is provided to us for the purpose of this Consultation Paper or other policy or rule proposals.

Please refer to the Consultation Paper for more details on the proposals.

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Disclosure of Identity

Please check the box if you do not wish to be specifically identified as a respondent:

☐ I/We do not wish to be specifically identified as a respondent.

Consultation Questions

Question 1: Roadmap towards Mandatory Climate-related Disclosures Do you agree with the proposed roadmap towards mandatory climate-related disclosures, consistent with the recommendations made by the Task Force on Climate-related Financial Disclosures ("**TCFD**", and the recommendations, "**TCFD Recommendations**")? You may also provide suggestions on the roadmap. Please select one option: ☒ Yes ☐ No Please give reasons for your view: Glass Lewis welcomes the roadmap toward climate-related disclosures. However, in reviewing the proposed timeline, we believe that disclosures on climate reporting should be mandatory for all issuers, albeit based on the proposed timeline as indicated in the consultation paper. As noted in the consultation paper, from 2022, banks, asset managers and insurers will need to provide climate-related disclosures, while the remainder of listed issuers should be able to make similar disclosures shortly thereafter. Further, we believe that all listed companies, if they have not already been doing so, should be providing climate reporting, preferably aligned with the recommendations of the TCFD, as part of their normal disclosures. In addition, this reporting should be disclosed in conjunction with a company's annual report.
Question 2: Prioritisation of Industry Sectors (a) Do you agree that the prioritisation of issuers for mandatory climate-related disclosures should be based on their industry classification? If so, please suggest the industries (for example, those identified by the TCFD or the Green Finance Industry Taskforce). Please select one option: ☐ Yes ☒ No Please give reasons for your view: Glass Lewis believes that all listed companies should be required to submit the climate-related disclosures on a mandatory basis, regardless of their industry sector. We believe all entities, both non-financial corporates and financial institutions in their capacity as listed companies, should ultimately align their disclosure timelines with those specified by the TCFD recommendations. We note that a number of jurisdictions have set a size-based threshold for which companies are in scope of mandatory disclosures such as, the United Kingdom, France and Switzerland. New Zealand was the first country to announce mandatory TCFD-aligned climate-related financial disclosures in

September last year.[1] All equity and debt issuers listed on the New Zealand Exchange ("NZX") are required to start making climate-related disclosures for financial years commencing in 2022, with disclosures being made in 2023 at the earliest. It was explained that mandatory climate-related disclosures would help New Zealand meet its international obligations and achieve its target of zero carbon by 2050. It would also help to address climate change risks outlined in the National Climate Change Risk Assessment by making their financial system more resilient.[2] As such, we believe Singapore should consider adopting a similar approach as New Zealand. Becoming one of the first countries in the world to mandate climate reporting to all listed entities will be an opportunity to show leadership in paving the way for other countries in the Asia Pacific region to make climate-related disclosures mandatory.

(b) If you disagree with a prioritisation based on industry classification, please suggest alternatives (for example, based on size, which may be pegged to the issuer's listing board (i.e. Mainboard or Catalist), market capitalisation or other thresholds).

Please select one option:
☐ Yes
☒ No

Please give reasons for your view:

Please refer to the response in Question 2(a).
Glass Lewis recognizes that disclosure may vary based on a company's size and industry in which it operates. That said, we encourage companies to provide their disclosures in a timeframe that aligns with the TDFC prioritization timelines.

Question 3: Amendments to Incorporate TCFD Recommendations

Do you agree with the proposed amendments to incorporate the TCFD Recommendations in the sustainability reporting regime in the Listing Rules?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis believes that the proposed amendments to incorporate the TCFD recommendations in the sustainability reporting regime in the Listing Rules will assist companies in meeting the increasing demand for climate-related disclosures from various stakeholders. Furthermore, the proposed

[1] Graham Caswell. "G7 nations agree on mandatory climate-related disclosure." *Green Central Banking*. June 8, 2021.
[2] Ministry of Business, Innovation & Employment. Mandatory climate-related disclosures. Wellington. Last updated: May 25, 2021.

amendments would serve to enhance the quality and consistency of climate-related disclosure through providing a climate-focused framework to guide companies in their ESG disclosure.

Question 4: Sustainability Reporting Frameworks and ESG Indicators

Do you agree that SGX should not, at this current juncture, prescribe specific sustainability reporting frameworks and environmental, social and governance indicators against which issuers should report?

Please select one option:

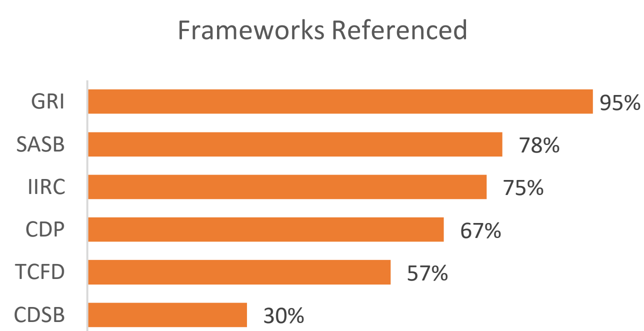
☒ Yes

☐ No

Please give reasons for your view:

Should SGX not adopt the TCFD recommendations, then Glass Lewis supports SGX's position that at it not prescribe specific sustainability frameworks and ESG indicators which issuers should report. In this case, the consultation paper notes that there are a variety of reporting frameworks with differing ESG indicators. As the field of ESG frameworks and indicators is continuously evolving, there will be a need to adjust the way in which issuers are reporting their ESG data and ultimately unify reporting standards across markets.

In looking at the broader ecosystem of stock exchanges, there have been several different types of ESG reporting frameworks that are used. For instance, according to Sustainable Stock Exchange Initiatives ("SSE") there are 60 out of 112 stock exchanges that were tracked by them that have published ESG reporting guidance for their listed companies. We note that almost all of the stock exchanges have adapted their frameworks based on currently well-known frameworks, namely: The Global Reporting Initiatives ("GRI"), The International Integrated Reporting Council ("IIRC"), The Sustainability Accounting Standards Board ("SASB"), The Climate Disclosure Project ("CDP"), The Task-Force on Climate-Related Financial disclosures ("TCFD"), and The Climate Disclosure Standards Board ("CDSB").[3] The breakdown of different reporting frameworks are as follows:



Source: Sustainable Stock Exchanges

Although there has been consolidation among ESG frameworks, we view SASB's sector-specific focus on material ESG metrics as being particularly useful for companies. Further, with the merging of IIRC

[3] Sustainable Stock Exchanges. "ESG Disclosure Guidance Database."

and SASB to form the Value Reporting Foundation[4], this should work to harmonize their reporting metrics. Although, should SGX not use the TCFD recommendations, SGX should seek to identify which metrics would be best suited for enabling the use of consistent internationally accepted benchmarks, ESG metrics, data collection and reporting among issuers across industries that identify defined benefits to shareholders and relevant stakeholders.

Question 5: Guideline on Materiality

Do you agree that the working guideline on materiality, as stated in the Sustainability Reporting Guide, should be retained?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis believes that the working guidelines on materiality, as stated in the Sustainability Reporting Guide, should, as a minimum, be retained to serve a common baseline for all companies, and to provide companies with guidance on how to apply the materiality test to sustainability information. The adoption of such an approach would allow Singapore to display leadership within the Asia-Pacific region and pave the way for other countries within the region to improve their disclosure when it comes to the issue of materiality.

Question 6: Assurance

(a) Do you agree that issuers should be required to subject their sustainability reports to internal assurance? If so, do you agree that the scope should minimally include assurance on whether data being reported is accurate and complete?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis supports sustainability reports being to subject to an issuer's internal assurance from a qualified, independent, and properly resourced internal audit function. While this could result in additional time and resources being spent on reporting, internal assurance may provide several benefits. As based on the Institute of Internal Auditors, internal assurance could provide beneficial reviews, such as:

- **"Review reporting metrics for relevancy, accuracy, timeliness, and consistency.** Most importantly, internal audit should provide assurance on whether data (quantitative and qualitative) being reported is accurate, relevant, complete, and timely.

[4] Value Reporting Foundation. "IIRC and SASB form the Value Reporting Foundation, providing comprehensive suite of tools to assess, manage and communicate value." June 9, 2021.

- **Review reporting for consistency with formal financial disclosure filings**. Any information provided in the non-financial reports like sustainability reports that conflicts with financial reporting disclosures will raise a red flag with regulators and investors.
- **Conduct materiality or risk assessments on ESG reporting.** All issuers must have a clear understanding on how ongoing sustainability efforts or public commitments to reaching sustainability goals can rise to the level of materiality.
- **Incorporate ESG into audit plans.** ESG risks and risk management take on greater significance for issuers so their internal audit plans should incorporate more ESG and sustainability-related engagements." [5]

While the Institute of Internal Auditors' view might not be exhaustive in its approach and recommendations, we view this as a good foundation to build from.

(b) Are there any aspects of the sustainability report that should be subject to external assurance?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis recognizes that external assurance will enhance the credibility of sustainability reports and subsequently build corporate reputation.[6]

New Zealand is looking to adopt a requirement to obtain independent assurance about the part of the climate statement that relates to the disclosure of greenhouse gas ("GHG") emissions. It was noted that, since climate reporting is a new process, and that it will take time to build and grow professional capacity for climate reporting – with civil and criminal liability applying to climate reporting entities and assurance practitioners for breach of those provisions, the assurance provisions were recommended to be delayed for an additional two years.[7] As such, we believe Singapore could follow the approach from New Zealand. While climate reporting entities are allowed to focus on the first step of putting in place processes, procedures, and controls to provide the required reporting, an obligation to subject the climate-related disclosures relating to GHG emissions to external assurance should be followed in the future.

(c) Should issuers be required to disclose in the sustainability report that internal assurance or external assurance has been conducted? If so, please suggest the content of such disclosures.

Please select one option:
☒ Yes
☐ No

[5] The Institute of Internal Auditors. "Internal Audit's Role in ESG Reporting." May 2021. Pages 5 and 6.
[6] Climate Disclosure Standards Board. "What we do." 2021.
[7] New Zealand Government. Parliamentary Counsel Office. "Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill."

Please give reasons for your view:

We believe issuers shall be required to disclose whether their reports have undergone internal and external assurance as these reports should be treated as similar to financial reports conducted by independent auditors.

Question 7: Training for Directors

(a) Do you agree that the mandatory training for directors that have no prior experience as a director of an issuer listed on the SGX-ST ("**First-time Directors**") should include a specific component on sustainability? If so, please provide your views on the specific topics relating to sustainability that should be covered?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis believes that directors should have the requisite skills and training to fulfill their functions as directors to the best of their abilities. We further believe that all directors, regardless of their experience or tenure, should receive at least basic training on sustainability to improve their awareness and understanding of this burgeoning field of corporate governance. While a one-time training would benefit directors in learning the fundamentals of sustainability, we believe that training should not be limited to a one-time event. Rather, trainings could be conducted periodically to maintain director awareness of updates and changes within the broader understanding of sustainability and how it impacts their functions as public company directors.

In this case, as sustainability is becoming an increasingly important element of companies' business practices, disclosure and culture, all directors would benefit from enhanced familiarity with matters relating to material sustainability factors impacting their businesses. Where boards lack knowledge and awareness of sustainability, companies could provide insufficient oversight of material matters that result in adverse impacts on their bottom lines.

In considering trainings for directors, we believe that directors should have awareness in areas including but not limited to:

- Overview of topics relating to sustainability and climate change;
- Identify material issues for companies that could impact operations and finances;
- Linking sustainability with effective risk and liability management;
- Elements of sustainability reporting;
- Cybersecurity and other pertinent topics; and
- Evaluating board performance on sustainability.

(b) Do you agree that all directors (regardless of whether they are First-time Directors) must undergo a prescribed one-time training on sustainability?

Please select one option:

☒ Yes
☐ No

Please give reasons for your view:

Please refer to the response to question 7(a).

Question 8: Reporting Timeframe

(a) Do you agree that the sustainability report should be issued together with the annual report?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis agrees with the proposal to require the publishing of ESG reports together with annual reports. It is important that this information be current so that investors can assess the full extent of a company's performance from both a financial and ESG perspective. In addition, the proposed timeframe ensures that investors have ample time to review, and potentially engage with companies in advance of their annual meetings. This change in disclosure would align with similar disclosure practices as Thailand's "One Report" which would combine disclosure of ESG report with the annual report from 2022.[8]

(b) Do you agree that issuers who conduct external assurance should be allowed to follow the existing reporting timeline (i.e. option of issuing a full standalone sustainability report within five months of the end of the financial year, with a summary included in the annual report)?

Please select one option:
☐ Yes
☒ No

Please give reasons for your view:

While Glass Lewis recognizes that some issuers with operations spanning multiple jurisdictions may face challenges with obtaining external assurance within four months of the end of issuers' financial year, we believe that it is beneficial to have all relevant information be made available at the same time as it could impact shareholder voting decisions at general meetings.
However, if needed, issuers should be able to seek an extension to submit their sustainability reports within five months if they utilize external assurance, provided they disclose they necessity for the extension and provide a summary of the sustainability report in the annual report. Yet, we encourage SGX to engage with issuers to determine the reasonableness of submitting their sustainability reports including the timelines of their submissions if they engage external assurance.

[8] The Securities and Exchange Commission, Thailand. "SEC adjusts criteria to reduce burden on listed companies to submit a single report (Form 56-1 One Report) and enhance ESG disclosure level". September 1, 2020.

Question 9: Board Diversity

(a) Do you agree that issuers must set and disclose their board diversity policy in their annual reports?

Please select one option:

☒ Yes

☐ No

Please give reasons for your view:

Glass Lewis believes that boards should ensure sufficient levels of diversity, including but not limited to diversity of skills, experience and gender.

When compared to other regional markets within the Asia Pacific, Singapore has not been seen as a regional leader in board gender diversity in terms of market practice or listing or regulatory requirements. This is noted in the consultation paper, where the participation of women on the boards of the largest 100 companies stood at 17.6%, while that of all issuers was 12.7% at December 31, 2020. Instead, the Asia Pacific's regional leaders are Australia followed by Malaysia, where female directors comprised 32% and 27% of corporate boards, respectively[9].

Unlike Singapore, Malaysia instituted under its 2017 Code of Corporate Governance, that the top 100 companies by market capitalization or those with a market capitalization of RM 2 billion or higher (designated as "Large Companies") must have a 30% female board. Malaysia is going further under its new 2021 Code of Corporate Governance in board gender diversity to extend the 30% female director requirement to all companies, not just Large Companies[10]. Other regional markets that also have gender diversity requirements or practices include India[11] and Pakistan[12] with specific board gender diversity requirements. From 2022, South Korea[13] will implement gender diversity requirements, while Australia maintains board gender diversity recommendations, particularly for S&P/ASX 300

[9] The average percentage of women on boards was 32% for Australian companies, 27% for Malaysian companies, followed by 18% and 17% for Indian and Singaporean companies. BoardEx. Global Gender Diversity Report 2020. Page 3. It is further noted that 47.3% of Singaporean boards had no female directors and 33.8% of boards only had one female director, while 12.9% of boards had two female directors. Mak Yuen Teen. Corporate Governance in Singapore: Leader at a Crossroads. August 30, 2021. Page 8.

[10] [1] Securities Commission Malaysia. Malaysian Code on Corporate Governance (As at 27 April 2017). Practice 4.5. However, from 2022, all boards will need to be 30% female directors per the new Practice G5.9, while Practice G5.10 provides that boards will need to disclose in their annual reports company policies on gender diversity for board and senior management. Securities Commission Malaysia. Malaysian Code on Corporate Governance (As at 28 April 2021).

[11] [1] Under Section 149(1)(b), Companies Act, 2013, all companies must have at least one woman on a board. As Chapter IV, Section 17(1)(a), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, further requires at least one independent woman director on the board of the top 1,000 companies by market capitalization.

[12] Section Chapter II, Section 7, Companies (Code of Corporate Governance) Regulations, 2017.

[13] The Financial Investment Services and Capital Markets Act will require companies with assets of KRW 2 trillion or more to have at least one woman on their board by August 2022.

companies[14]. For other markets, there is generally a broad consideration of gender as being part of the larger consideration of board diversity. This is case for Japan and Thailand[15].

As for implementing board gender diversity, Singapore should at a minimum seek to have listed companies have one woman on their boards. In fact, Glass Lewis has expected all Singaporean listed companies to have at least one woman on their boards since 2019[16].

Should gender diversity take on an approach similar to that of Malaysia, then a phased-in approach with specific timelines to meeting gender diversity levels should be adopted. This would largely follow Malaysia's updated approach in their corporate governance code that companies fulfill the 30% female board gender practice within three years or less.

Nevertheless, the timeline for having specific board gender diversity practices and/or requirements should begin from January 2022, starting with companies with a financial year end of December 31, 2021, with the top 100 companies by market capitalization achieving a 30% female board, or provide appropriate disclosure on how to meet these targets within a 2-year timeframe. Furthermore, by the end of 2025, all companies should have achieved a target of 30% female representation on their board or have provided appropriate disclosure on how to meet these targets.

(b) Do you agree that gender should be an aspect of diversity encapsulated within issuers' board diversity policy? What other aspects, if any, must be mentioned?

Please select one option:

☒ Yes

☐ No

Please give reasons for your view:

As provided above in question 9(a), Glass Lewis believes that gender should be an aspect of diversity encapsulated within issuers' board diversity policy. However, gender is but one part of diversity.

At the board level, diversity in directors' skills and experience adds value by offering different perspectives and richness to the board's discussions. As such, Glass Lewis believes that companies should disclose sufficient information to allow a meaningful assessment of a board's skills and competencies. Such disclosure can come in the form of a board skills matrix which identifies the core

[14] ASX Corporate Governance Council. Corporate Governance Principles and Recommendations 4th Edition. February 2019. Recommendation 1.5. Pages 8-10.

[15] Corporate Governance Code 2017. Guidelines 3.1.1 and 3.1.4.

[16] Glass Lewis & Co. Glass Lewis 2021 Policy Guidelines – Singapore. Page 9.

skills of the members of a board of directors. The use of a board skills matrix is already in practice among Asian capital markets including India[17], Thailand[18] and Malaysia[19].

In addition, Glass Lewis believes that issuers may want to consider diversity to also include ethnicity and national origin, especially given Singapore's diverse population, but also given the presence of foreign directors on many boards. Accordingly, we believe that boards should consider including diversity of ethnicity and national origin as attributes in their composition profiles, whether defined targets for diversity of ethnicity and national origin should be set, and the manner and extent to which the ethnic and national backgrounds of directors and board nominees is publicly disclosed.

Looking to other capital markets, in the United States, the NASDAQ Stock Market has adopted a board diversity rule[20], which comes into effect from 2022, requiring companies to publicly disclose board-level diversity statistics using a standardized template and to have or explain why they do not have at least two diverse directors. While in in the United Kingdom, the Parker Review[21] targets that each FTSE 100 Board should include "at least one director of colour by 2021"; and each FTSE 250 Board should have "at least one director of colour by 2024".

(c) Do you agree that issuers' disclosure in their annual reports on their board diversity policy must contain targets for achieving the stipulated diversity, accompanying plans, and timeline for achieving the targets?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Please refer to the response for question 9(a) as it relates to board diversity.

(d) Apart from targets, accompanying plans and timeline for achieving the targets, what other component, if any, must be part of the issuers' disclosure on their board diversity policy?

Please select one option:
☒ Yes
☐ No

[17] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015. As amended from 2019, companies are to provide a chart or matrix of the skills/competencies of boards, while in 2019, the core skills/expertise/competencies were to be identified, although from April 2020, the skills/expertise/competencies must be matched to individual directors.

[18] Securities and Exchange Commission Thailand. Corporate Governance Code for Listed Companies 2017. Guidelines 3.1.1 and 3.3.2. The skills matrix serves to ensure that boards of consist of directors with appropriate qualifications, knowledge, skills, experience, character traits, along with gender and age to achieve the objectives of the company and be used by the nomination committee as part of the director nomination process.

[19] Bursa Malaysia Securities Berhad. Corporate Governance Guide, 3rd Edition. Pull-out I, page 92.

[20] Nasdaq's Board Diversity Rule, August 17, 2021.

[21] Report into the Ethnic Diversity of UK Boards. The Parker Review Committee. October 2017.

Please give reasons for your view:

Please refer to the response for question 9(a).

(e) Do you agree that issuers should be required to disclose in their annual reports as part of the board diversity policy, how the combination of skills, talents, experience and diversity of directors on the boards serve their needs and plans?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Please refer to the response for question 9(b).

Question 10: Implementation

Do you agree with the implementation timeline? If not, please elaborate and propose alternatives.

Please select one option:
☐ Yes
☒ No

Please give reasons for your view:

In reviewing the proposed timeline, Glass Lewis believes that disclosures on climate reporting should be completed in accordance with the proposed timeline, while gender diversity targets should be achieved sooner than the 30% target set for by the end of 2030.

Regarding gender diversity targets, Glass Lewis believes that the top 100 companies should have achieved 30% female representation on their boards by the end of 2023, with all listed companies to have 30% female representation on their boards by the end of 2025. These targets align with similar practices seen within Australia and Malaysia and would represent the best board diversity practices within the region. Where the top 100 companies, for instance, are unable to achieve a 30% female board by the end of 2023, they should disclose a realistic timeline as to when they expect to meet that threshold, which is a practice in Malaysia. To achieve this goal, we encourage SGX and issuers to work with entities such as the Singapore Institute of Directors to identify well-qualified individuals who could potentially serve on corporate boards.

RESPONSE TO CONSULTATION PAPER ON STARTING WITH A COMMON SET OF CORE ESG METRICS

Singapore Exchange Regulation invites comments on this Consultation Paper. Please send your responses through any of the following means:

Email	listingrules@sgx.com
Mail	Singapore Exchange Regulation 11 North Buona Vista Drive #06-07, The Metropolis Tower 2 Singapore 138589 (Attention: Listing Policy & Product Admission)

Please include your full name and, where relevant, the organisation you are representing, as well as your email address or contact number so that we may contact you for clarification. Anonymous responses may be disregarded.

SGX may make public all or part of any written submission, and may disclose your identity. You may request confidential treatment for any part of the submission which is proprietary, confidential or commercially sensitive, by clearly marking such information. You may request not to be specifically identified.

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Please refer to the Consultation Paper for more details on the proposals.

Respondent's Information

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Contact Number(s)	
Statement of Interest	

Disclosure of Identity

Please check the box if you do not wish to be specifically identified as a respondent:

☐ I/We do not wish to be specifically identified as a respondent.

<u>Consultation Questions</u>

Question 1: A Common Set of Core ESG Metrics

(a) Do you agree that it is useful to provide guidance for issuers to disclose a common and standardised set of environmental, social and governance ("**ESG**") metrics?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis welcomes the use of a standardized set of environmental, social and governance metrics. As is the current case, many companies do not currently report on these issues, and, when they do, companies often provide inconsistent and incomparable ESG disclosure.

Through a standardized approach, listed issuers, investors, and relevant stakeholders will have a better understanding of the baseline ESG metrics that need to be reported. The standardized metrics will also enable improved comparability across issuers or within specific industry groups.
One aspect of standardization that is worthy of consideration should be the timing of such ESG disclosure. We commonly find that ESG data disclosed by company may not have been disclosed in alignment with a company's financial reporting and proxy related disclosures. As such, the disaggregation of data from annual meeting creates challenges for institutional investors to 'vote with confidence' on the basis of information that is disclosed as close to a company's annual and/or special meeting.

(b) Do you agree with the list of ESG metrics listed in Part II of the Consultation Paper? Do you have any feedback or suggestions?

Please select one option:
☐ Yes
☒ No

Please give reasons for your view:

Glass Lewis does not necessarily object to the list of ESG metrics as proposed. We believe the metrics serve as a strong foundation to build from as they are encompassing of all industries and companies. While the metrics would be reviewed and updated from time to time, we believe there should be a commitment to a defined review process, perhaps every other year, following a review of global and regional ESG reporting practices.

However, we believe that there should be a focus on the issues of material relevance to companies based on their industries. Specifically, as all metrics might not be applicable to each company based on their industry, reporting based on the full set of metrics could lead to companies expending significant resources on reporting on issues which are not material to their business can could potentially be anathema to ESG reporting. SASB's framework for industry-specific ESG metrics, we believe, could serve as a beneficial framework that is now widely accepted by both institutional investors and increasingly being recognized by companies.

One area where we believe that ESG metrics can be broadened in the future is to include their role in disclosures involving director and key management personal (“KMP’’) pay. Currently, it is common for Singapore-listed issuers to not provide specific details on director or KMP remuneration, particularly a breakdown of base pay and incentive/variable pay and whether ESG metrics are considered in determining executive director pay. To this end, to increase transparency about director pay, we believe that companies should disclose which ESG metrics are used to determine director and KMP pay. Likewise, the disclosure on executive remuneration can be expanded to include the composition of fixed and variable remuneration, whether it comprises short- and/or long-term incentive remuneration. The inclusion of the remuneration element would help to illuminate the links between director and KMP pay to business strategy, key performance indicators, as well as meaningful insights into executive incentives and where pay aligns with the long-term sustainability of a business.

Question 2: ESG Data Portal

(a) Do you agree that an ESG data portal with the functionalities described in paragraph 3 of Part I of the Consultation Paper is useful in enhancing alignment between issuers and investors over the use of ESG data? What are some other features you would like to see on the ESG data portal?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis supports the proposed ESG data portal with the functionalities as described. By establishing a data portal, this will enable relevant stakeholders to access data and compare between different companies quickly and easily. A data portal will also be useful in generating more insight as to how listed issuers engage in certain practices and how they are reported, using standardized metrics.

For the data portal, in addition to what is proposed, we suggest the inclusion of the following for consideration:

- Comparison functions between different companies, industries, indices;
- Time series analysis;
- The ability to add/remove metrics;
- The addition of key financial metrics in the portal for investors to illustrate the relationship between ESG disclosure, ratings, and relative performance; and
- Abilities to export data into to Excel and PDF file formats.

(b) Do you agree that the ability to generate sustainability reports directly from the ESG data portal will be useful for issuers?

Please select one option:

☐ Yes
☒ No

Please give reasons for your view:

Glass Lewis believes that the generation of a sustainability reports from the ESG data portal may be worthwhile in the future. However, we encourage SGX to engage with issuers first on the potential impact it may on issuer reporting before it considers the generation of sustainability reports from the ESG data portal.

(c) Do you agree that issuers should be required to move towards digital sustainability reporting, including submitting ESG data in widely used digital formats via the data portal? What are the challenges in doing so?

Please select one option:
☒ Yes
☐ No

Please give reasons for your view:

Glass Lewis supports issuers moving toward digital sustainability report, including ESG data via the data portal. In this case, a move toward digitalization would increase the availability of data, instead of having to rely on issuers to publish their own specific sustainability reporting, which may or may not accompany the publishing of an annual report. That said, while we encourage the move toward digitalization, we also recognize that company should provide their own sustainability reports in formats that work best for them, along with their shareholders and stakeholders.

However, the challenges in moving to digital sustainability reporting may include:

- Differences in the formats and metrics used by different issuers, which could cause file incompatibilities resulting in technical issues during report submissions. To overcome this challenge, clear and concise instruction, adequate technical support, and IT infrastructure will be important to ensure a smooth transition to digital submission.
- Not all companies will have a dedicated ESG team or personnel dedicated to ESG reporting. As such, some companies might find it challenging preparing their ESG data submissions. Therefore, to overcome this challenge, we believe that a simple and user-friendly submission process, as well as useful training opportunities for issuers will be crucial for issuers to familiarize themselves with new reporting processes.